(a) whether th Union Finance Ministry has set up a Committee to go into the woes of the new sugar cooperative projects in Maharashtra;

(b) if so, the reasons for the same and whether the Union Ministry of Industry has granted letters of intent to thirty six projects in 1989;

(c) if so, whether twenty six units which have already invested Rs. 100, crores have not been able to proceed further as the term lending institutions expressed their inability to lend finance;

(d) whether any recommendation has been made by the Committee in this regard; and

(e) if so, to what extent the Committee has recommended steps to meet the woes of the sugar cooperative projects?

THE MINISTER OF STATE OF THE MINISTRY OF FOOD (SHRI TARUN GOGOI) (a). No, Sir.

(b) Central Government have issued 36 Letters of Intent for establishment of new sugar factories in the State of Maharashtra during the 7th Five Year Plan period, out of which 20 Letters if Intent were issued during 1989.

(c) At present, 27 applications for grant of financial assistance from Maharashtra State are pending with the financial institutions. The Financial Institutions have expressed doubts about the viability of a sugar factory primarily on account of the sharp increase in project cost. As such, they have not ben able to provide finances to some new projects.

(d) and (e). Do not arise.

Financial Powers to Municipalities

4438. SHRI DHARMABHIKSHAM: Will the Minister of URBAN DEVELOPMENT be pleased to state:

(a) whether the Union Government propose to give more financial powers to municipalities; and

(b) if so, the details thereof and the steps taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT (SHRI M. ARUNACHALAM): (a) and (b). The subject of loacal Government that is to say, their constitution and powers, etc. falls within the State List. Hence, it is for the State Governments to grant more powers to the institutions of Local Self Government. However, with a view to strengthen the urban local bodies, the Constitution (Seventy Third Amendment) Bill, 1991 which has been introduced in the Lok Sabha on 16.9.1991 provides that the Legislative of a State may by law

(a) authorise a Municipality to levy, collect, and appropriate such taxes, duties, tolls and fees in accordance with such procedure and subject to such limits;

(b) assign to Municipality such taxes, duties, tolls and fees levied and collected by the State Government for such purposes and subject to such conditions and limits,

(c) provide for making such grants-in aid to the Municipality from the Consolidated Fund of the State; and

(d) provide for constitution of such Funds for crediting all money received respectively, by or on behalf

of the Municipality and also for the withdrawal of such money therefrom, as may be specified in the law.

The Bill also provides for setting up of a Finance Commission in every State within one year from the commencement of the Constitution (Seventy Third Amendment) Act, 1991 and thereafter at the expiration of every fifth year to review the financial position of the Municipalities and to recommend the principles for:

(i) the distribution between the State and the Municipalities of the net proceeds of the taxes, duties, tolls and fee leviable by the State, which may be divided between them under this party and the allocation between the Municipality at all levels of their respective skier of such proceeds;

(ii) the determination of the taxes, duties tolls and fees which may be assigned to, or appropriated by the Municipalities.

(iii) the grants-in-aid to the Municipalities from the Consolidate Fund of the State;

(iv) any other matter referred to the Finance Commission by the Governor in the interests of sound finance of the Municipalities.

World Bank Assistance for Drainage System in Hyderabad

4439. SHRI DHARMABHIKSHAM: Will the Minister of URBAN DEVELOPMENT be pleased to state:

(a) whether the Government of Andhra Pradesh sought World Bank assistance for modernising the drainage system in Hyderabad; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT (SHRI M. ARUNACHALAM): (a) No, Sir, However, under the ongoing World Bank aided Hyderabad Water Supply and Sanitation Project, there is a component for rehabilitation and strengthening of the existing seweage system at a cost of Rs. 66.68 crores.

(b) Does not arise.

Allocation to Bihar Under Gadgil Formula

4440. SHRI GEORGE FERNANDES:Will the Minister of PLANNING AND PROGRAMME IMPLEMENTATION be pleased to state:

(a) whether the modified Godgil formula for plan allocation to States has resulted in one of the lowest per capital investments in Bihar; and

(b) if so, the facts thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PLANNING AND PROGRAMME IMPLEMENTATION (SHRI H.R. BHARDWAJ): (a) and (b). No, Sir. Under modified Gadgil Formula, backward States including Bihar, got favourable treatment as the formulae included the criteria of population, per capita income and special problems which together accounted for 90 to 95% weightage out of the total . Among non-special category States, per capita assistance allocated to the State of Bihar during 1990-91 and 1991-92 was higher than nine State out of fifteen States as may be seen from Statement I attached. Furthermore the State of Bihar among non-special